

SUMMARY OF MAJOR CHANGES TO CHAPTER 41
DOD 7000.14-R, VOLUME 7A
MILITARY PAY POLICY AND PROCEDURES ACTIVE DUTY AND RESERVE PAY

New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.

Page	Paragraph	Explanation of Change/Revision	Effective Date
41-6	410801	IC 40-99 regards allotments of pay.	Nov 9, 1999

Interim Changes 16-98, 21-98, 28-98, and 40-99 are incorporated in this change. Interim Changes 21-98 and 28-98 also affect other chapters and will not be deleted from the interim changes cited on the OUSD(C) web site until all such chapters are updated.

CHAPTER 41

GENERAL PROVISIONS GOVERNING ALLOTMENTS OF PAY **(Other than Child and Spousal Support Allotments Required by Law)**

4101 GENERAL

410101. Application. The provisions of this chapter do not apply to child and spousal support allotments required by law to be started when a member has failed to make periodic payments under a support order. See section 4304 of this volume for applicable provisions.

410102. Authority. Under instructions issued by the Secretary of Defense, the personnel identified in section 4104, below, may authorize allotments from their pay for the purposes set forth in Chapters 41 through 43.

410103. Policy. The allotment system is provided to help Military Service members adjust their personal and family finances to military service. It is a convenience and privilege not to be exploited or abused. Other than amount changes, administrative changes may be made at the request of the allottee without the member's consent. This includes address changes.

4102 SPECIALIZED TERMS

410201. Certifying Officer

A. Navy. The certifying office for Navy allotments is the disbursing officer responsible for registering the allotment on the military pay record. On ships without disbursing officers, the certifying officer is commanding officer or such other officer who is designated in writing to be responsible for preparing, certifying, and forwarding allotment forms to the disbursing officer maintaining members' master pay account.

B. Marine Corps. Marine Corps allotment forms normally are prepared by the administrative office and certified by the disbursing officer.

410202. Allotment Officer (Navy and Marine Corps). This is the disbursing officer of the Defense Finance and Accounting Service-Cleveland Center, Anthony J. Celebrezze Federal Building, Cleveland, OH 44199, or the Director, Defense Finance and Accounting Service--Kansas City Center, Centralized Pay Operations (JE), Kansas City, MO 64197.

410203. Definitions. See Definitions on page xliv for the following terms: active duty allotment, allottee, allotter, and financial organization.

4103 AUTHORIZED ALLOTMENTS

410301. General. Voluntary allotments of military pay and allowances by Service members in active military service are limited to discretionary and non-discretionary allotments.

410302. Discretionary Allotments. Members are authorized no more than six discretionary allotments. The member shall certify that the allotment is within the limits of the law (e.g., allotments may not be used to repay gambling debts in a state where gambling is not permitted). Examples include, but are not restricted to, the following:

A. Payment of premiums for commercial life insurance on the member, the member's spouse or children. This includes United States Government Life Insurance, Army Mutual Aid Insurance, Navy Mutual Aid Insurance, dental and health insurance for the benefit of family, and vehicle insurance.

B. Voluntary payment to a dependent or other relatives. This allotment may be made to a spouse, former spouse(s), other dependents, and to a relative(s) not legally designated as a dependent(s). Support allotments may be made payable directly to a court, a state agency, a court trustee, a welfare agency, or to a child's guardian or custodian. This allotment may be made payable to a financial organization for credit to the account of the allottee.

C. Deposits to a financial institution, mutual fund company, or investment firm.

D. Payment of car loans.

E. Payment of mortgage or rent.

F. Payment of a loan to repay consumer credit, e.g., a loan or finance company.

410303. Non-Discretionary Allotments. Non-discretionary allotments of military pay and allowances by members in active military service are limited to the following:

A. Purchase of U.S. savings bonds.

B. Repayment of loans to the Army Emergency Relief, Navy and Marine Corps Relief Society, Air Force Aid Society, and American Red Cross.

C. Voluntary liquidation of indebtedness to the United States that includes the following:

1. Indebtedness incurred due to defaulted notes insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA).

2. Payment of amounts due under the Retired Serviceman's Family Protection Plan, in the case of retired Military Service members serving on active duty.

D. Any other indebtedness to any department or agency of the United States Government (except to the Military Department that pays the member).

E. Any repayment of debts owed to an organization for funds administered on behalf of the U.S. Government and any such debts assigned to a collection agency.

F. Payment for pledges for charitable contributions to the following:

1. Combined Federal Campaign (CFC). Only one such allotment is authorized for any Military Service member.

2. Army Emergency Relief, Navy and Marine Corps Relief Society, or affiliates of the Air Force Assistance Fund. Only one such allotment is authorized for any Military Service member.

G. Allotments to the Department of Veterans Affairs for deposit to the Post-Vietnam Era Veterans Educational Assistance Program. The allotment must be divisible by \$5 and with a minimum amount of \$25 and not more than \$100. Once authorized by the Service member, the allotment must run a minimum of twelve consecutive months, unless the member suspends participation or disenrolls from the program because of personal hardship or release from active duty.

H. Payment of delinquent federal, state, or local income or employment taxes.

4104 ELIGIBLE ALLOTTERS

410401. Members on extended active duty who may make allotments of pay include commissioned and warrant officers, aviation cadets, and enlisted members.

410402. Allotments may be continued to retired status. To aid personnel in the transition from active duty to retired status, all existing authorized discretionary allotments of members on active duty may be continued as approved allotments; however, no new allotments may be established upon retirement.

4105 PAY AND ALLOWANCES WHICH MAY BE ALLOTTED

410501. Include the following items in computing the maximum amount of pay and allowances that may be allotted for members assigned within the continental United States:

- A. Basic pay
- B. Basic allowance for housing (BAH) for members with dependents and members without dependents in the grade of E-7 or higher.
- C. Basic allowance for subsistence (BAS) for commissioned and warrant officers
- D. Career sea pay
- E. Diving pay
- F. Flying pay (all crew members)
- G. Proficiency pay and special duty assignment pay
- H. Special pay for medical, dental, optometry, and veterinary officers
- I. Submarine pay
- J. Personal money allowance
- K. Incentive pay for hazardous duty.

410502. For members assigned outside the continental United States, include the following pay and allowance items in addition to those listed in paragraph 410501, above:

- A. Family Separation Allowance, Type II (FSA-R only)
- B. Foreign duty pay
- C. Special pay for overseas extensions
- D. Special pay for duty subject to hostile fire and imminent danger (applies only to members in a designated area)
- E. Overseas housing allowance

F. Cost-of-living allowance.

410503. The following amounts must be withheld from the maximum amount of pay and allowances that may be allotted:

A. Federal, state and FICA taxes

B. The repayment of debts properly chargeable against a member's pay account (does not include repayments of advance pay)

C. Premiums of SGLI

D. Montgomery GI Bill deduction.

410504. Commanders may restrict further the total amount a member may allot when necessary to help the member meet essential personal needs.

4106 PERIODS OF ALLOTMENTS

Allotments are made for indefinite periods except those:

410601. To Military Service relief organizations

410602. To the American Red Cross

410603. To the United States for:

A. Repayment of indebtedness, or

B. Payment of delinquent federal income taxes.

410604. For Combined Federal Campaign (CFC) charity drive donations.

410605. For payment of delinquent state or local income or employment taxes.

4107 ALLOTMENT PAYMENT OFFICES

410701. Army. The Defense Finance and Accounting Service-Indianapolis Center, Military Pay Operations, Indianapolis, IN 46249, issues savings bonds and pays all Army allotments of pay except class X allotments, which are paid by local disbursing officers.

410702. Navy. The Defense Finance and Accounting Service-Cleveland Center, Anthony J. Celebrezze Federal Building, Cleveland, OH 44199, pays all Navy allotments of pay.

410703. Air Force. The Defense Finance and Accounting Service-Denver Center, Denver, CO 80279-8000, issues savings bonds and pays all Air Force allotments of pay except class X which are locally paid.

410704. Marine Corps. The Defense Finance and Accounting Service-Kansas City Center, Kansas City, MO 64197, issues savings bonds and pays all Marine Corps allotments of pay.

4108 RESTRICTIONS

★ 410801. Establishment, Discontinuance, and Changes to Existing Allotments. *A properly executed form (e.g., DD Form 2558, Authorization to Start, Stop or Change an Allotment) or a written request from a member (or from an agent acting under a specific power of attorney) or an automated data exchange (from specific organizations) may be used to establish, discontinue, or change an allotment. The DD Form 2558 is available in an electronic medium. Further, a service member's written signature is not required to effect an allotment from pay when automated data exchange is utilized. Automated computer programs that allow members to establish, discontinue, or change an allotment using a personal identification number (PIN) are permitted. Allotments will be established, discontinued or changed only after the member's identity has been validated. (IC 40-99)*

410802. Minors. Allotments (except bonds) may not be made payable to children under 16 years of age. They may be made payable to the children's guardian or custodian. Spouses of members may be named as allottees regardless of age.

410803. Mental Incompetents. Allotments may not be made payable to mentally incompetent persons. Allotments may be made payable to a guardian or to the institution where a mentally incompetent person is confined.

410804. Power of Attorney. The holder of a member's special power of attorney may use that document to establish, change, or stop an allotment. The special power of attorney specifically must state the authority to establish, change, or stop allotments. A general power of attorney is not acceptable to establish, change, or stop an allotment.

410805. Member Awaiting Trial by Court-Martial

A. Members may not register allotments between the date that a court-martial is ordered and the date of the approval or disapproval of the sentence.

B. Discontinue allotments whenever:

1. Necessary to permit collection of the forfeiture in the monthly amount specified and within the time limitation stated in the court-martial sentence.

2. A member is sentenced to forfeit all pay and allowances due from the date the sentence is approved by the convening authority. This applies even though the convening authority defers the forfeitures and suspends the discharge when ordering the sentence into execution.

3. Allotments may be registered by a prisoner provided the amount of pay and allowances not forfeited is sufficient to cover allotment deductions.

410806. Returned Absentees, Deserters, and Prisoners. Allotments will not be registered for a returned absentee or deserter, unless the cognizant Defense Finance and Accounting Service Center (DFAS) has verified the member's pay status.

410807. Fraudulent Enlistment. Pay and allowances may not be allotted when pay is suspended pending final action on determination of fraudulent enlistment.

410808. Reduced Pay of Allotter. When a reduction in grade or stoppage of pay does not leave sufficient funds for allotments in force, allotments will be discontinued.

4109 RIGHT TO ALLOTMENT IN CASE OF DEATH

410901. Death of Allotter. All allotments are revoked upon the death of the allotter. No further allotment payments may be made by the paying allotment office after receipt of notice of the allotter's death. Deductions made from the allotter's pay, but not paid to the allottee, become part of the member's arrears of pay. Allotments paid after the allotter's death may not be collected from the allottee, with two exceptions:

A. Allotments erroneously established after notice of death of the allotter, and

B. Unearned insurance premiums (insurance premiums paid 1 month in advance of the day payment is actually due). See Military Service procedural instructions for actions required by the disbursing officer maintaining the pay account. However, the issuance of a check for an allotment does not constitute payment until it is negotiated and the amount is collected by the payee. Accordingly, if a check is sent directly to an allottee and has not been negotiated, then recoupment action is appropriate.

410902. Death of Allottee. An allotment check, even though endorsed, does not become part of an allottee's estate if it is not cashed or negotiated before the allottee's death. It is not subject to any expense incurred by, or on behalf of, the allottee before or after death. All unnegotiated

allotment checks will be returned to the office from which issued. Returned allotment checks shall be credited to the member's account or paid in accordance with Military Service instructions if the member has been separated from the Military Service.

4110 ALLOTMENT OVERPAYMENT RESPONSIBILITIES

411001. Army and Air Force

A. If an allotment payment is made to an allottee before the disbursing office receives notice to stop the payment from the official required by regulation to furnish this notice, payment is credited to the disbursing officer. Collection is made from the allottee, if possible. If an allotment is paid in error because the officer responsible failed to report either the death of the allotter or any other fact that makes the allotment not payable, the amount of the payment not recovered from the allottee is collected, if practicable, from the officer who failed to report.

B. Any check or bond received for which entitlement does not exist must be returned immediately to the issuing office. When an allotment payment is made after deductions from the member's pay have ceased, and the allottee does not return it to the office of issuance, the allottee should be required to submit a complete and detailed explanation. A determination of liability then shall be made.

411002. Navy and Marine Corps

A. Commanding Officer. The commanding officer is responsible for informing the disbursing officer of any facts which warrant the stoppage of an allotment and for any required follow-up action. The commanding officers of units or ships without disbursing officers have the same responsibility as do disbursing officers to initiate any necessary follow-up action regarding unacknowledged allotment requests.

C. Disbursing Officers. The disbursing officer who registers an allotment for a member is held responsible for proper entry on the military pay record. If the initial entry is incorrect, the field disbursing officer making the entry is responsible for all payments or overpayments of the allotment. Failure to transfer an active allotment from a closed pay account to a new pay account imposes a liability on the disbursing officer concerned for all payments or overpayments made by the allotment officer.

ALLOTMENTS OF PAY - GENERAL													
R U L E	A	B		C		D			E	F		G	
	When the purpose of an allotment is	and Military Service letter designation is		and member on active duty is		and is an			allotments which may be continued to retired status (Note)	then the allotment period		and payment is made by	
		Army and Air Force	Navy and Marine Corps	Army and Air Force	Navy and Marine Corps	Officer	Enlisted Member	Aviation Cadet		indefinite	definite	DFAS	local Disbursing Officer
1	purchase of United States Savings Bonds	B	B	X	X	X	X	X	X	X		X	
2	charitable drive donation (Combined Federal Campaign)	C	C	X	X	X	X	X			X	X	
3	repayment of loans to Army Emergency Relief, Navy and Marine Corps Relief Society, Air Force Aid Society, or American Red Cross	L	L	X	X	X	X	X	X		X	X	
4	contribution to post-Vietnam Era Veterans Educational Assistance Program	S	E Navy V USMC	X	X	X	X			X	X Army only	X	
5	payment of indebtedness to the United States	T	T	X	X	X	X	X	X		X	X	
6	payment of delinquent taxes (federal, state local, or employment taxes)												

Table 41-1. Allotments of Pay - General

ALLOTMENTS OF PAY - GENERAL													
R U L E	A	B		C		D			E	F		G	
	When the purpose of an allotment is	and Military Service letter designation is		and member on active duty is		and is an			allotments which may be continued to retired status (Note)	then the allotment period		and payment is made by	
		Army and Air Force	Navy and Marine Corps	Army and Air Force	Navy and Marine Corps	Officer	Enlisted Member	Aviation Cadet		indefinite	definite	DFAS	local Disbursing Officer
7	emergency payment to a dependent	X		X		X	X			X			X
8	Remittance for RSFPP for retired members on active duty	U	U	X	X	X	X			X		X	
9	charitable contribution to Army Emergency Relief, Navy and Marine Corps Relief Society, or affiliates of Air Force Assistance Fund Army	F	C	X	X	X	X	X	X		X	X	

NOTE: Includes members of the Fleet Reserve or Fleet Marine Corps Reserve when not on active duty.

Table 41-1. Allotments of Pay - General (Continued)

Chapter 41—General Provisions Governing Allotments of Pay (Other Than Child and Spousal Support Allotments Required by Law)

4101—General

37 U.S.C. 701

4103 – Authorized Allotments

410303G

38 U.S.C. 3201-3243

4109—Right to Allotment in Case of Death

B-225873.2,

Mar 28, 1991

B-225873, Sep 25, 1987

B-169453, Apr 20, 1970